

Message Text

UNCLASSIFIED

PAGE 01 LA PAZ 00841 301624Z
ACTION XMB-04

INFO OCT-01 ARA-14 ISO-00 EB-08 /027 W
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R 301305Z JAN 78
FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC 9138
INFO USDOC WASHDC

UNCLAS LA PAZ 0841

E.O. 11652: N/A
TAGS: BPRO, BL
SUBJ: EXIM FINANCING REQUEST FOR COMIBOL TIN PROJECTS

REF: STATE 018591

1. EMBASSY IS NOT ABSOLUTELY CERTAIN OF IDENTIFICATION OF PROJECT ON THE BASIS OF THE INFORMATION PROVIDED IN REFTEL ALONE. RRA HAS CHECKED WITH COMIBOL AND BANK OF AMERICA. IT APPEARS THAT THE PROJECT IN QUESTION REFERS TO PROPOSED PROGRAM FOR 40,000 METERS OF EXPLORATION DRILLING IN COMIBOL MINES(SEE 77 LA PAZ 7303). THIS IS A GOOD PROJECT AS COMIBOL HAS SOME OF THE BEST MINING PROPERTIES IN THE COUNTRY AND, AS ONE OF THE WORLD'S LARGEST TIN PRODUCERS, IS TRYING TO FIND NEW RESERVES TO HELP FILL THE FREE WORLD SHORTFALL IN TIN PRODUCTION. COMIBOL IS A STATE CORPORATION AND ONE OF THE LARGEST MINING COMPANIES IN THE WORLD. ALTHOUGH POORLY MANAGED, ITS CREDIT RATING IS GOOD.

2. EMBASSY IS AWARE OF ANOTHER PROJECT WHICH IS A FEASIBILITY STUDY FOR OPEN-PIT MINING AT CATAVI (NEAR ORURO) THE WORLD'S LARGEST HARD-ROCK TIN MINE. GOLDER ASSOCIATES IS NOW DOING PREFEASIBILITY STUDY AND WOULD ALSO BE IN GOOD POSITION TO WIN FEASIBILITY STUDY IF PROJECT MOVES AHEAD. WE KNOW US COMPANY REQUESTING BANK OF AMERICA FINANCING IN THIS CASE IS PARSONS ENGINEERING.

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FEASIBILITY STUDY FOR CATAVI OPEN PIT IS STILL QUITE A DISTANCE INTO THE FUTURE, PERHAPS EIGHTEEN MONTHS. VALUE OF ABOUT \$6 MILLION HAS BEEN CONFIRMED BY LOCAL BANK OF AMERICA OFFICIAL FOR THIS PROJECT ACCORDING TO PARSONS' REQUEST. THE OPEN PIT AT CATAVI, IF FEASIBLE, WOULD ADD NEW REERVES AND EXTEND THE LIFE OF THE MINE. TIN PRICES ARE CURRENTLY VERY HIGH DUE TO WORLD SHORTAGE OF PRODUCTION.

3. THE EMBASSY PERCEIVES NO POLITICAL OR OTHER OBJECTIONS TO EXIMBANK GUARANTEES OF US BANK LOANS TO COMIBOL. IN FACT, EMBASSY HAS IN THE PAST AND CONTINUES TO FAVOR EXTENSION OF MORE EXIMBANK CREDITS AND GUARANTEES TO BOLIVIAN MINING SECTOR AS THIS IS GOOD AREA FOR EXPANDING US EXPORT OPPORTUNITIES.
BOEKER

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